

EXPLANATION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

By this and other contemporaneously filed applications¹, Cellular South Licenses, LLC, d/b/a. C Spire Wireless (“CSL”) and SprintCom, Inc., NSAC, LLC, NPCR, Inc., Nextel South Corp., WirelessCo, L.P., ClearwireSpectrum Holdings LLC and Fixed Wireless Holdings LLC, wholly-owned indirect subsidiaries of Sprint Corporation (collectively “Sprint”) (CSL and Sprint are jointly referred to as the “Parties”) seek Federal Communications Commission (“Commission”) consent to the long term *de facto* transfer leases and subleases between the Parties for spectrum located in Florida, Mississippi, Arkansas and Tennessee. Pursuant to the leases and subleases, Sprint will lease or sublease to CSL, and CSL will lease to Sprint, the spectrum listed in Exhibit 2, attached hereto.

Description of the Parties

Sprint operates nationwide wireless and global IP networks to provide a full portfolio of integrated communication services – voice, data, video, wireless, and wireline. Sprint is widely recognized for developing, engineering and deploying innovative technologies and services. Sprint’s qualifications to hold the subject spectrum licenses and leases are a matter of public record. As the Commission has consistently concluded, Sprint is financially, technically, and legally qualified to be a Commission licensee and lessee and will at all times conduct operations under the Agreement subject to applicable rules and regulations. An FCC Form 602 is on file for Sprint, which provides current ownership information.

CSL is part of a diversified telecommunications and technology services company that offers a comprehensive suite of wireless communications, high-speed Internet access and a range of other telecommunications products and services to consumers and businesses in the Southeastern United States. CSL’s qualifications to lease or sublease the subject spectrum are a matter of public record. CSL is financially, technically, and legally qualified to be a Commission lessee or sublessee and will at all times conduct operations under the Agreement subject to applicable rules and regulations. An FCC Form 602 is on file for CSL, which provides current ownership information.

¹ File number for Form 608 filed by CSL: 0006919443 (lead application). File numbers filed by Sprint: 0006922708, 0006921302, 0006921318, 0006921618, 0006921601, 0006921691 and 0006921588. Separately the Parties will file ten sublease applications once all the required signatures have been acquired.

Description of Transaction

CSL and Sprint are parties to a Amended and Restated Exchange Agreement dated January 9, 2015 pursuant to which Sprint and CSL will lease or sublease to each other the spectrum shown in Exhibit 2.

The instant transaction involves Sprint leasing from CSL certain 700 MHz and 1.9 GHz spectrum in six counties in Tennessee and five counties in Arkansas. In nine counties², the proposed lease of the spectrum, results in a net spectrum gain to Sprint. Therefore, Sprint's total attributable spectrum holdings increase as a result of the proposed transaction and will exceed the Commission's new wireless spectrum screen.³ In the remaining two counties,⁴ the proposed lease of spectrum results in a net spectrum gain for Sprint. However, Sprint's total attributable spectrum holdings for these two counties will remain below the Commission's new wireless spectrum screen. See Exhibit 3A.

² The nine counties are: Crittenden, Cross, Lee, Phillips and St. Francis, AR and Fayette, Haywood, Shelby and Tipton, TN. In Crittenden, AR and Fayette, Sheldy and Tipton, TN Sprint's total attributable spectrum already exceeded the spectrum screen threshold.

³ Last year the Commission's spectrum screen threshold was determined to be 194 MHz, which represents one-third the total amount of spectrum that the Commission had deemed suitable and available for mobile telephony/broadband service. See *Policies Regarding Mobile Spectrum Holdings, Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, 29 FCC Rcd 6133, ¶¶ 5, 56 (2014) ("*Mobile Spectrum Holdings Order*") However, the applicable screen in this transaction is 199 MHz, given the recent availability of AWS-3 spectrum. *Mobile Spectrum Holdings Order* at ¶ 246. In the *Mobile Spectrum Holdings Order*, the Commission said that it will count AWS-3 spectrum in the screen in a particular market "once all relocating Federal incumbent systems in that market are within three years of completing relocation, according to the Transition Plans." *Mobile Spectrum Holdings Order* at ¶ 102. According to the Transition Plans posted on the National Telecommunications & Information Administration's web-site, all federal incumbents in the 1695-1710 MHz portion of the AWS-3 band will be transitioned by April 29, 2018 (*i.e.*, thirty-nine months from the end of the AWS-3 auction), which is less than three years from now. *Initial Estimated Costs and Timelines for the 1695-1710 MHz Band*, National Telecommunications & Information Administration (May 12, 2014), http://www.ntia.doc.gov/files/ntia/publications/initial_estimated_costs_and_timelines_1695-1710_mhz_band_05-12-2014.pdf. Accordingly, the screen applied to this transaction should be raised by 5 MHz (*i.e.*, one-third of the 15 MHz of AWS-3 spectrum that is within three years of being transitioned).

⁴ Hardeman and Lauderdale, TN.

The instant transaction also involves CSL leasing or subleasing from Sprint certain 800 MHz, 1.9 GHz and 2.5 GHz spectrum in four counties in Florida and five counties in Mississippi. In all nine counties⁵, the proposed lease and sublease of the spectrum results in a net spectrum gain to CSL. CSL's total attributable spectrum holdings will increase as a result of the proposed transaction by newly including the proposed channels. However, in no county will CSL's total attributable spectrum exceed the current 199 MHz spectrum screen threshold or trigger an enhanced review of "under 1 GHz" spectrum accumulation. See Exhibit 3B.

No competitor will exit the market as a result of this transaction and the subject market is already served by a large number of competitors (*see* Exhibits 4A and 4B). Accordingly, no competitive harm will result and the instant transaction should not trigger any competitive review.⁶

Public Interest Statement

Section 310(d) of the Act requires that the Commission determine whether the transaction presented herein is consistent with the public interest, convenience and necessity.⁷ To make that determination, the Commission generally considers four factors: "(1) whether the transaction would result in the violation of the Act or any other applicable statutory provision; (2) whether the transaction would result in a violation of Commission rules; (3) whether the transaction would substantially frustrate or impair the Commission's implementation or enforcement of the Act or interfere with the objectives of that and other statutes; and (4) whether the transaction promises to yield affirmative public interest benefits."⁸ As part of its public interest analysis, the

⁵ As shown in Exhibit 2, CSL proposes to lease or sublease from Sprint spectrum in Escambia, Santa Rosa, Okaloosa and Walton Counties in Florida, and in Desoto, Tunica, Tate, Marshall and Benton Counties in Mississippi.

⁶ *See 2000 Biennial Regulatory Review of Spectrum Aggregation Limits for commercial Mobile Radio Services*, 16 FCC Rcd 22,668 (2001).

⁷ Section 310(d) provides that "no construction permit, or station license, or any rights thereunder, shall be transferred, assigned, or disposed of in any matter . . . to any person except upon application to the Commission and upon finding by the Commission that the public interest, convenience, and necessity will be served thereby." 47 U.S.C. § 310(d).

⁸ *SBC Communications Inc. and BellSouth Corp.*, Memorandum Opinion and Order, 15 FCC Rcd. 25,459, 25,464 ¶ 13 (WTB/IB 2000) (citation omitted); *see also AT&T/ATNI Order*, at ¶ 12 ("[W]e first examine whether the proposed transaction complies with the specific provisions of the Communications Act, other applicable statutes, and the Commission's rules. If the transaction does not violate a statute or rule, we next consider whether the transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Communications Act or related statutes. We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.") (citations omitted).

Commission reviews whether the transaction will have anti-competitive effects and, if so, whether there are overriding public interest benefits that would support a grant.

The Commission has determined that transfer, assignment and *de facto* spectrum lease/sublease applications that do not present any competitive harm do not require extensive review and expenditures of considerable resources by the Commission.⁹ These applications meet this standard.

The proposed leases and subleases will not result in any violation of the Act, or any other applicable statutory provision. Moreover, the leases and subleases fully comply with all Commission rules and regulations and require no waivers. Therefore, they do not frustrate or impair the Commission's implementation, enforcement, or objectives of the Act or other statutes.

Furthermore, the transaction will yield public interest benefits. The proposed lease and sublease of spectrum will allow the Parties to make more efficient use of the spectrum and to offer improved services to their customers, thereby enabling each provider to become a stronger competitor. The proposed transaction promotes the Commission's secondary market policies, which seek to ensure the efficient use of spectrum.¹⁰

Term Of Leases and Subleases

Pursuant to Section 1.9030(f), the term of the leases and subleases will become effective after the FCC has approved this application and the grant has appeared on a Public Notice ("Lease Commencement Date"). The leases and subleases will continue subject to license renewal and extension of lease and sublease authorizations, and also, subject to termination in the event that (i) the license for the Station and the lease or sublease authorization granted by the Commission expires by its terms without renewal; or (ii) the termination of the Agreement pursuant to the early termination provisions of the Agreement ("Lease Termination Date"). The initial term of the leases and subleases will be for 10 years with the option to extend the period

⁹ *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd. 9642, 9682 ¶ 102 (2013) ("*SoftBank Order*") ("[U]nder the Commission's sliding scale approach, where potential public interest harms appear unlikely . . . we will accept a lesser showing of public interest benefits."). Moreover, on routine public notice, the Commission has previously approved a spectrum swap transaction with similar facts as here. See *Wireless Telecommunications Bureau Assignment of License Authorization Applications, Transfer of Control of Licensee Applications, De Facto Transfer Lease Applications and Spectrum Manager Lease Notifications, Designated Entity Reportable Eligibility Event Applications, and Designated Entity Annual Reports Action*, Public Notice, Rpt No. 8832 (WTB rel. Dec. 20, 2012) (consenting to ULS File No. 0005339993 et. al.).

¹⁰ *Principles for Promoting the Efficient Use of Spectrum by Encouraging the Development of Secondary Markets, Policy Statement*, Policy Statement, 15 FCC Rcd. 24,178, 24,178 ¶ 2 (2000).

longer as necessary.

Conclusion

Sprint and CSL respectfully submit that the proposed transaction will advance the public interest by enhancing the Parties' ability to expand their array of commercial wireless mobile services in the areas of Florida, Mississippi, Arkansas and Tennessee as shown in Exhibit 2. Therefore, for the reasons set forth above, Sprint and CSL respectfully submit that Commission approval of the requested spectrum leases and subleases will serve the public interest.